GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

STARRED QUESTION NO:74
ANSWERED ON:03.03.2008
PROCUREMENT PRICES OF CROPS
Singh Shri Chandra Bhushan

Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Swaminathan Committee has recommended certain formulae for fixing the procurement prices of commodities produced by the farmers;

(b) if so, the details thereof;

(c) whether the procurement prices of agricultural produces for the year 2008 have been fixed on the basis of the said formulae; and

(d) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF AGRICULTURE(SHRI SHARAD PAWAR)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO.74 DUE FOR REPLY ON 3RD MARCH, 2008.

(a) to (d): National Commission on farmers (Swaminathan Commission) had not recommended any formulae for fixing the procurement prices. However, the Commission has recommended that Minimum Support Prices (MSPs) should be at least 50 per cent more than the weighted average cost of production. This recommendation has not been accepted by the Government since MSP is recommended by the Commission for Agricultural Costs and Prices (CACP) who, inter alia, takes into account various factors, which include the cost of production of respective crops also before arriving at their recommendations.

It needs to be recognized that there cannot be any mechanical linkage between cost of production and MSP since cost per quintal varies from year to year depending on the yield level.Further, the MSP fixed for the selected crops is uniform for all the states and the designated agencies intervene in the market when the market prices tend to rule below the fixed MSP. Also, in situations when purchases by the designated agencies at given MSP are not adequate to meet the PDS requirement, higher price is offered through granting a bonus over and above the MSP.

The MSPs of crops for 2007-08 Kharif and Rabi seasons have already been announced by the Government and they are not based on the recommendations of the Swaminathan Commission.